

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7598

BILL NUMBER: HB 1779

DATE PREPARED: Feb 27, 2001

BILL AMENDED: Feb 26, 2001

SUBJECT: Deputy Consumer Counselors.

FISCAL ANALYST: John Parkey

PHONE NUMBER: 232-9854

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill creates the positions of Deputy Consumer Counselor for Small Business and Deputy Consumer Counselor for Senior Citizens within the Office of Utility Consumer Counselor. The bill provides that the Governor shall appoint each Deputy Consumer Counselor for a term of four years.

The bill provides that the Deputy Consumer Counselor for Small Business is responsible for the following:

- (1) Representing the interests of small business utility customers in Indiana.
- (2) Educating small business utility customers about the functions and duties of the Deputy Consumer Counselor for Small Business.
- (3) Soliciting the opinions, comments, and needs of small business utility customers.
- (4) Educating small business utility customers about utility conservation matters.
- (5) Notifying small business utility customers about proceedings affecting or potentially affecting small business utility customers.
- (6) Maintaining a telephone hotline for inquiries, comments, and suggestions from small business utility customers.

The bill provides that the Deputy Consumer Counselor for Senior Citizens is responsible for the following:

- (1) Representing the interests of senior citizen utility customers in Indiana.
- (2) Educating senior citizen utility customers about the functions and duties of the Deputy Consumer Counselor for Senior Citizens.
- (3) Soliciting the opinions, comments, and needs of senior citizen utility customers.
- (4) Educating senior citizen utility customers about utility conservation matters.
- (5) Notifying senior citizen utility customers about proceedings affecting or potentially affecting senior citizen utility customers.

(6) Maintaining a telephone hotline for inquiries, comments, and suggestions from senior citizen utility customers.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) This bill creates the positions of Deputy Consumer Counselor for Small Business and Deputy Consumer Counselor for Senior Citizens within the Office of the Utility Consumer Counselor. The Small Business Counselor would represent, protect, and educate small business utility customers. The Deputy Counselor for Senior Citizens would similarly serve older utility consumers. This proposal is not expected to impact the workload of the existing Office of the Utility Consumer Counselor (OUCC).

The salaries of the Deputy Consumer Counselor for Small Business and the Deputy Consumer Counselor for Senior Citizens and the regular staff of their office would be paid through an appropriation made by the General Assembly or through a \$250,000 contingency fund. The contingency fund is maintained through revenue from the Public Utility Fee. Expenses incurred by the regular staff of the Deputy Counselors would be charged to and paid from this contingency fund.

The bill would allow the Governor to appoint practicing attorneys to the positions of Deputy Consumer Counselor for Small Business and the Deputy Consumer Counselor for Senior Citizens. Upon approval of the OUCC, the Governor, and the State Budget Agency, these Deputy Counselors may hire accountants, utility economists, engineers, attorneys, stenographers, or other necessary assistants to carry out the duties of the Office. The compensation and costs of travel for any temporary staff would be paid from the OUCC's Expert Witness Fee Account or from the \$250,000 contingency fund (upon approval of the Governor and the Budget Agency). In FY 2001, the OUCC was appropriate \$736,250 for expert witness fees.

The bill also requires the Deputy Consumer Counselor for Small Business and the Deputy Consumer Counselor for Senior Citizens to maintain toll-free hotlines to address the utility concerns of small businesses and senior citizens. The OUCC reports that its annual costs for maintaining a similar hotline are approximately \$2,000. The Deputy Counselors would also be required to use the Access Indiana system to make publications and other information available on the Internet.

Background Information: This bill does not contain a specific appropriation. Illinois passed similar legislation establishing a Small Business Utility Advocate in 1984, however, this position is not currently funded. In past years, the Advocate in Illinois has had only an administrative assistant to help in carrying out the duties of the office. In Pennsylvania, the Office of the Small Business Advocate has similar responsibilities to those of the position provided for in this bill. The Pennsylvania Office of the Small Business Advocate was established in 1988 and currently has a staff of eight: the Small Business Advocate and four assistants (all attorneys), an administrative officer/legal assistant, and two secretaries. The budget authorization for the Office of the Small Business Advocate in Pennsylvania was \$1.2 M in FY 1999.

According to a 1997 survey, there were approximately 120,000 businesses in Indiana with fewer than 500 employees. Based on the definition of small business provided in this bill, the number of utility customers that would be served by the Counselor would likely be fewer than this amount.

Based on data from the U.S. Census Bureau, approximately 743,000 (12.5%) of Indiana's residents are above the age of 65.

Explanation of State Revenues: (Revised) The IURC and OUCC are funded from fees assessed on utilities equal to a percentage on their annual gross intrastate operating revenue. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the Fund exceeds the total appropriations for the IURC and the OUCC (plus a \$250,0000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees. In FY 2000, public utility fines and fees generated \$8,053,986.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of the Utility Consumer Counselor.

Local Agencies Affected:

Information Sources: Anthony Dzwonar, External Affairs Director, OUCC, (317) 232-2494; State Budget Agency; Small Business Administration, Office of Advocacy; Bernie Ryan, Pennsylvania Small Business Advocate, (717) 783-2525; Mark Grant, Illinois Commerce Commission, (217) 785-6190; U.S. Census Bureau.